

March 5, 1997

Winston 100% Tobacco Performance Update



Winston 100% Tobacco Research Program Components



◆ Telephone Tracking Study

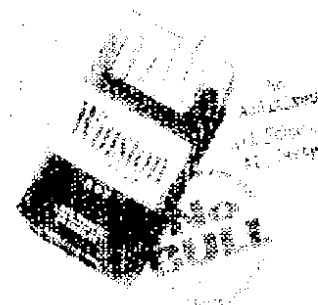
– January 15-25, 1997

◆ Focus Groups

– January 13-14, 1997

◆ Market performance

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Telephone Tracking Study

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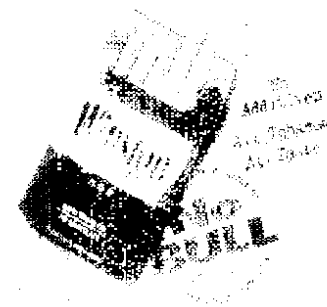
Methodology



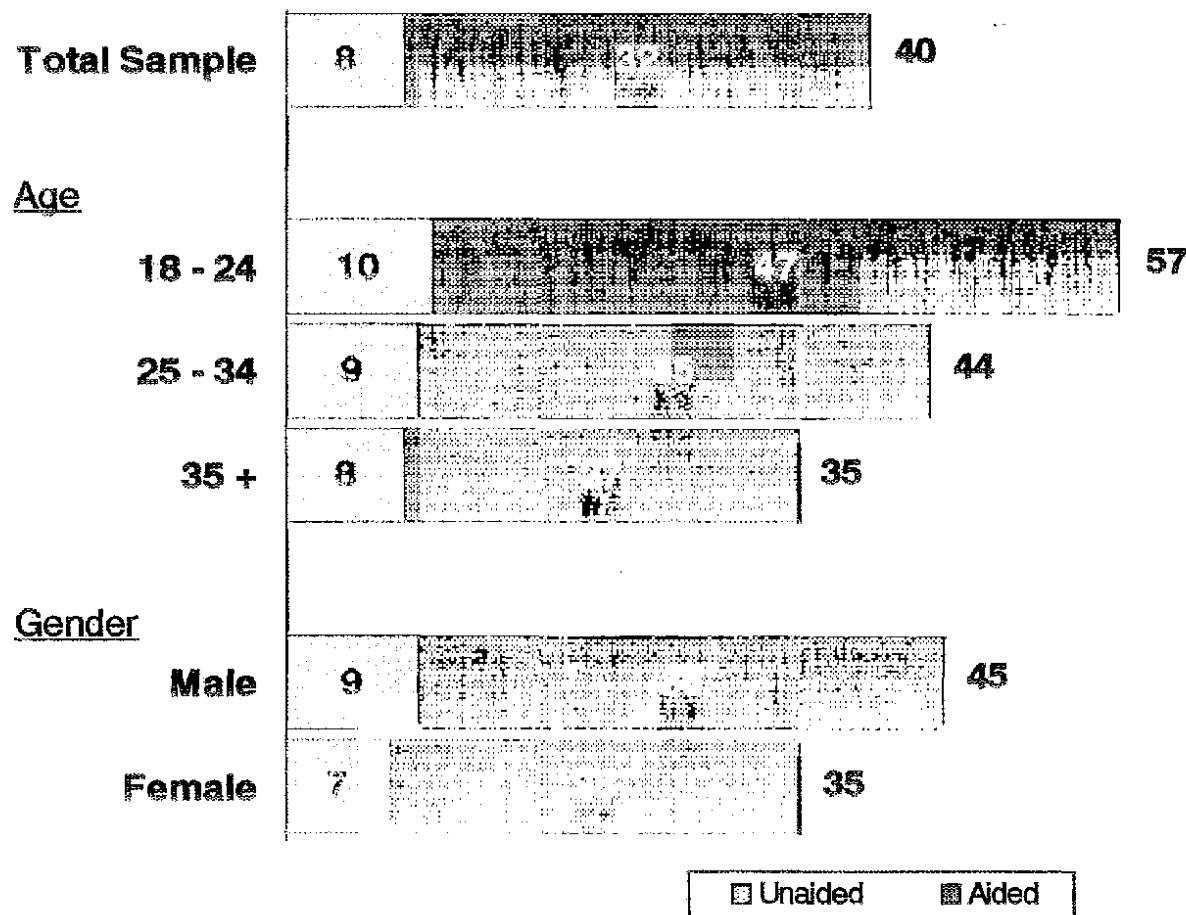
- ◆ **January 15-25, 1997**
- ◆ **1,146 telephone interviews among**
 - **Adult male and female smokers in Florida**
- ◆ **Data were weighted to reflect the non-menthol market shares of Marlboro, Winston, Camel, OPB's, and Discount brands**

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Awareness Among Smokers



Awareness of the Winston 100% Tobacco brand among the general smoking population is low on an unaided basis. However, when prompted, 40% of all smokers, (slightly more among younger adult [18 to 24 year old] smokers and males) indicate awareness.

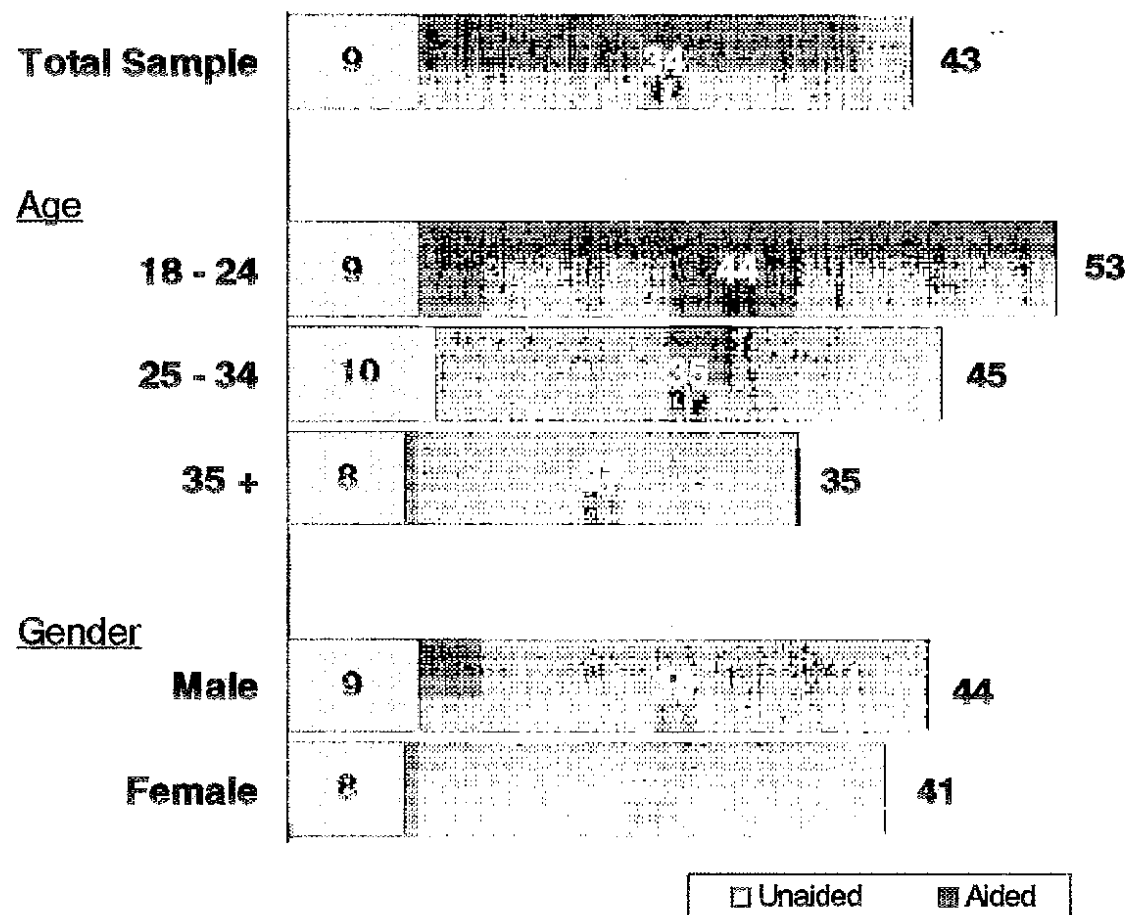


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Awareness Among Marlboro Smokers



Awareness levels for Winston 100% Tobacco among Marlboro Smokers mirror those seen among the broader population of all adult smokers and is directionally higher among female Marlboro smokers than among other female smokers.



Brand And Advertising Awareness



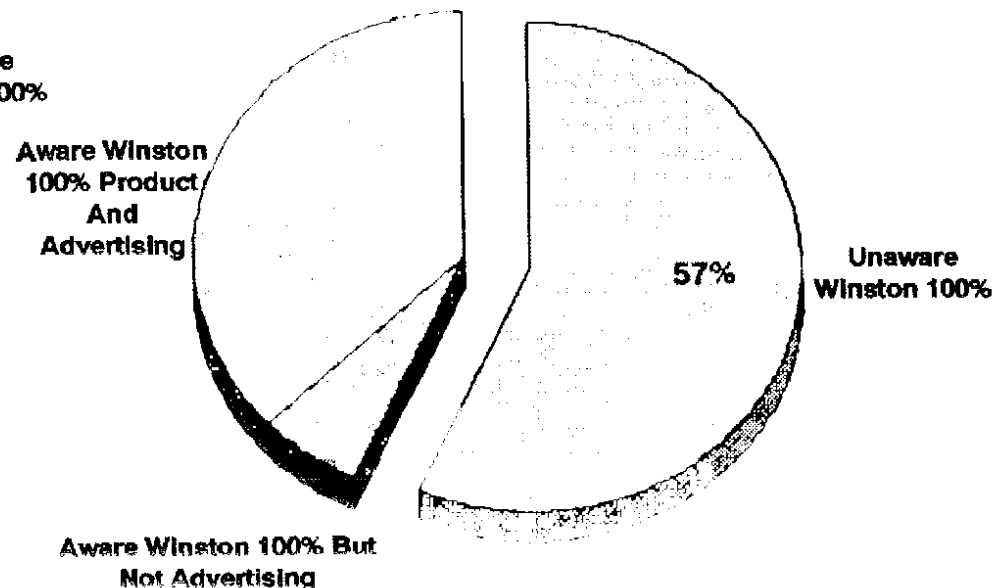
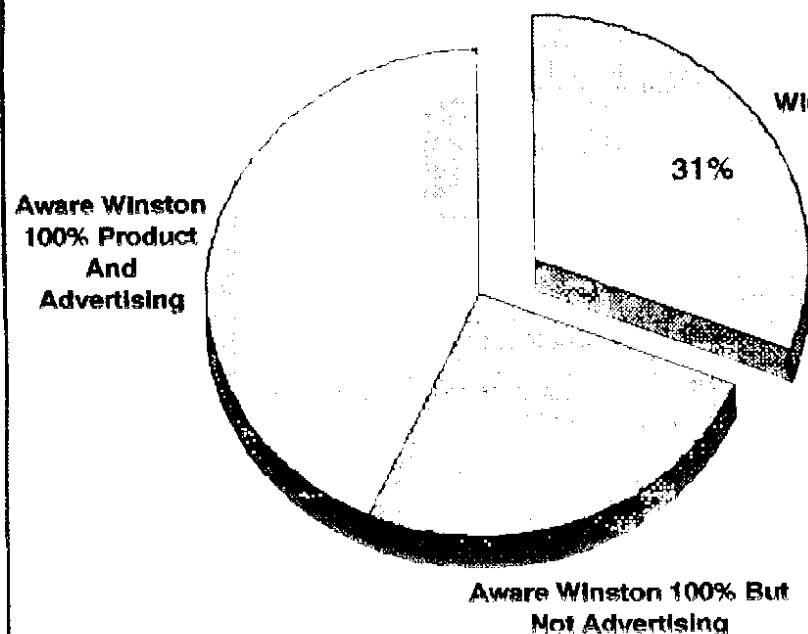
One of every three regular Winston smokers is unaware of the Winston 100% Tobacco brand.

Fewer than half recall seeing advertising for the brand.

Brand awareness is significantly lower among Marlboro smokers.

Winston 100% Tobacco Smokers

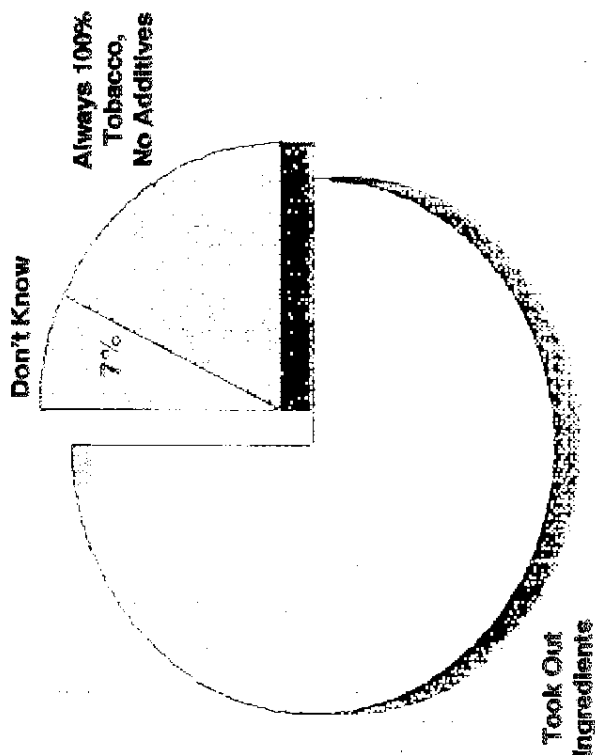
Marlboro Smokers



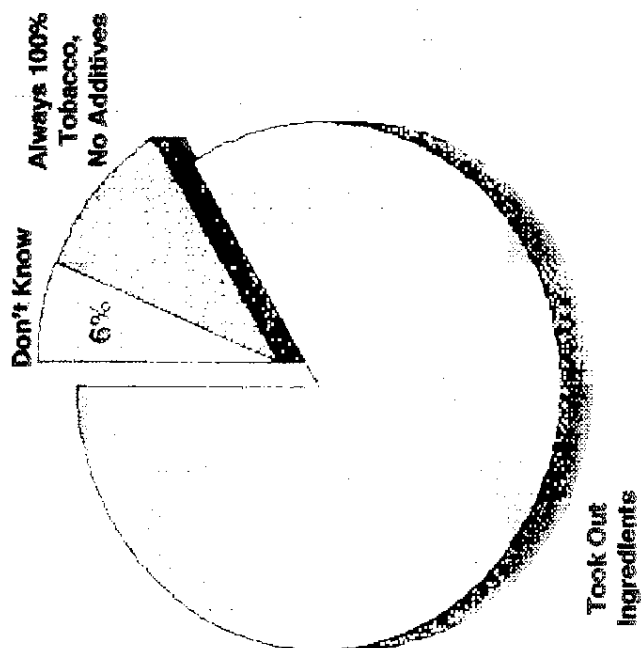
Awareness Of Formula Change

While a large majority of both Winston and Marlboro smokers acknowledge that Winston has taken out ingredients, eighteen percent of Winston smokers and ten percent of Marlboro smokers believe Winston has always been additive-free.

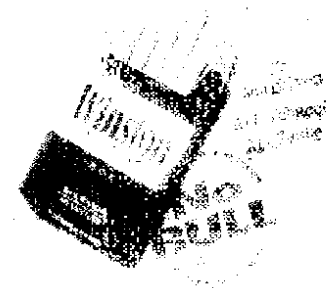
Winston 100% Tobacco Smokers



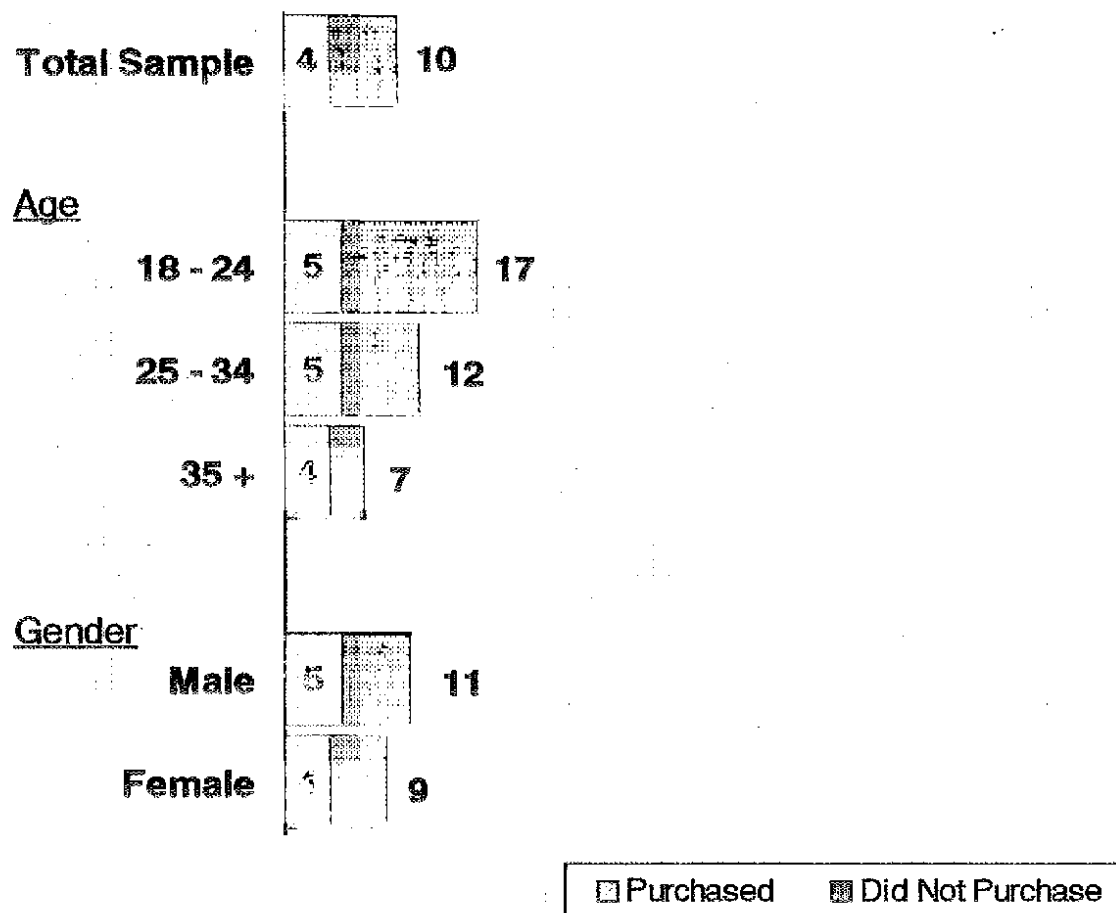
Marlboro Smokers



Trial And Purchase Among Smokers



Awareness is more frequently translated into trial among younger adult smokers.



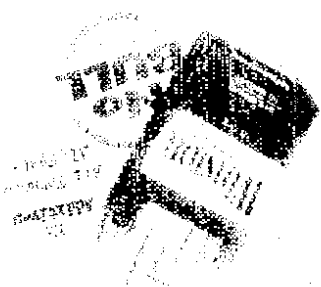
Trial And Purchase Among Marlboro Smokers

Marlboro smokers' trial and purchase behavior regarding Winston 100% Tobacco parallels that of other smokers.

Female Marlboro smokers are twice as likely as other female smokers to report trial of Winston 100% Tobacco.

Age	Gender	Total Sample	
		Purchased	Did Not Purchase
18 - 24	Male	7	18
25 - 34	Male	7	16
35 +	Male	5	9
	Female	5	16

☐ Purchased ☒ Did Not Purchase



Regular Brand Of Triers

More than a fair share of triers are Marlboro Smokers.



	Total %	Triers %	Triers Index
Marlboro	44	62	141
<u>Non-Marlboro (Net)</u>	<u>56</u>	<u>38</u>	<u>68</u>
<u>Other Premium Brands (Net)</u>	<u>30</u>	<u>21</u>	<u>70</u>
Camel	9	10	111
Benson & Hedges	3	3	100
Merit	3	3	100
Kent	2	-	-
Pall Mall	2	-	-
Virginia Slims	2	-	-
Carlton	2	1	50
More	1	2	200
All Others	6	2	33
<u>Discount Brands</u>	<u>26</u>	<u>17</u>	<u>65</u>
Doral	10	9	90
Basic	2	1	50
Cambridge	2	3	150
GPC	2	-	-
Viceroy	2	-	-
All others	8	4	50

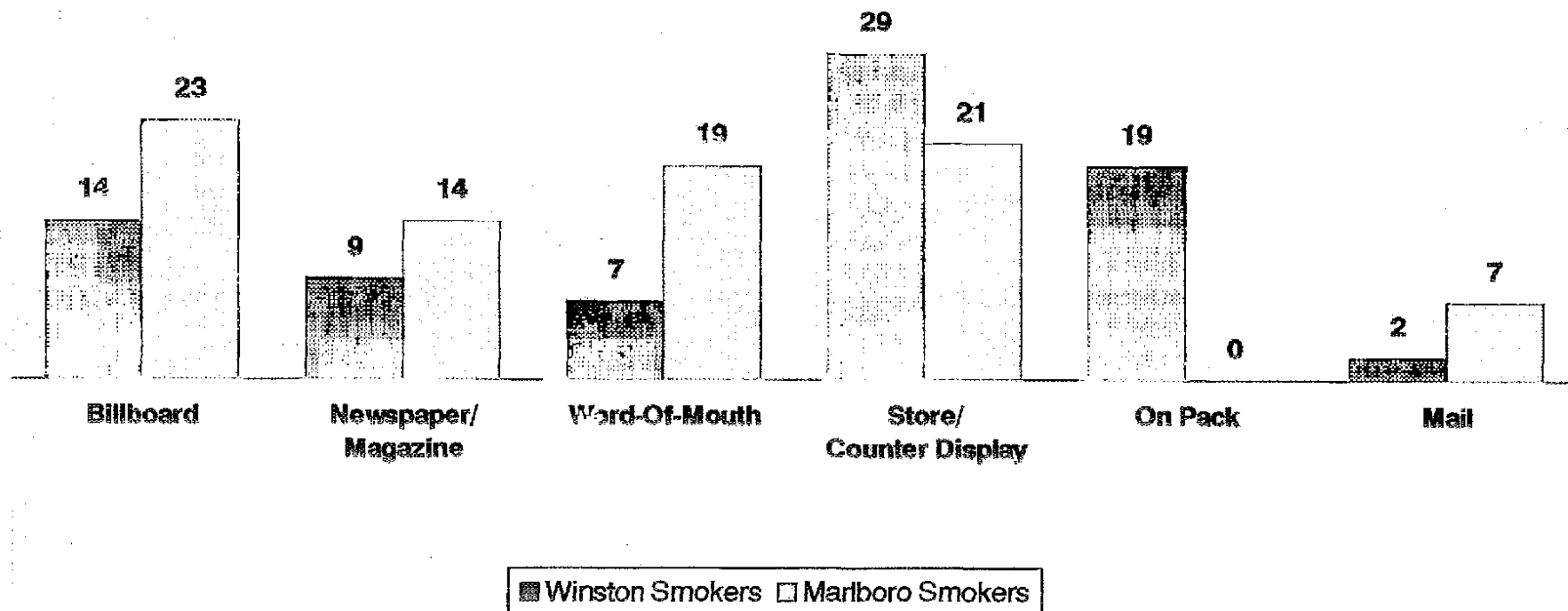
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First "Contact" With Winston 100% Tobacco



Not surprisingly, Winston smokers are more likely than Marlboro smokers to have learned about the "100% Tobacco" claim from the pack itself and from store displays.

Marlboro smokers are more likely to hear about it through billboards and word-of-mouth. Seven percent of Marlboro smokers heard about Winston 100% Tobacco through direct mail.

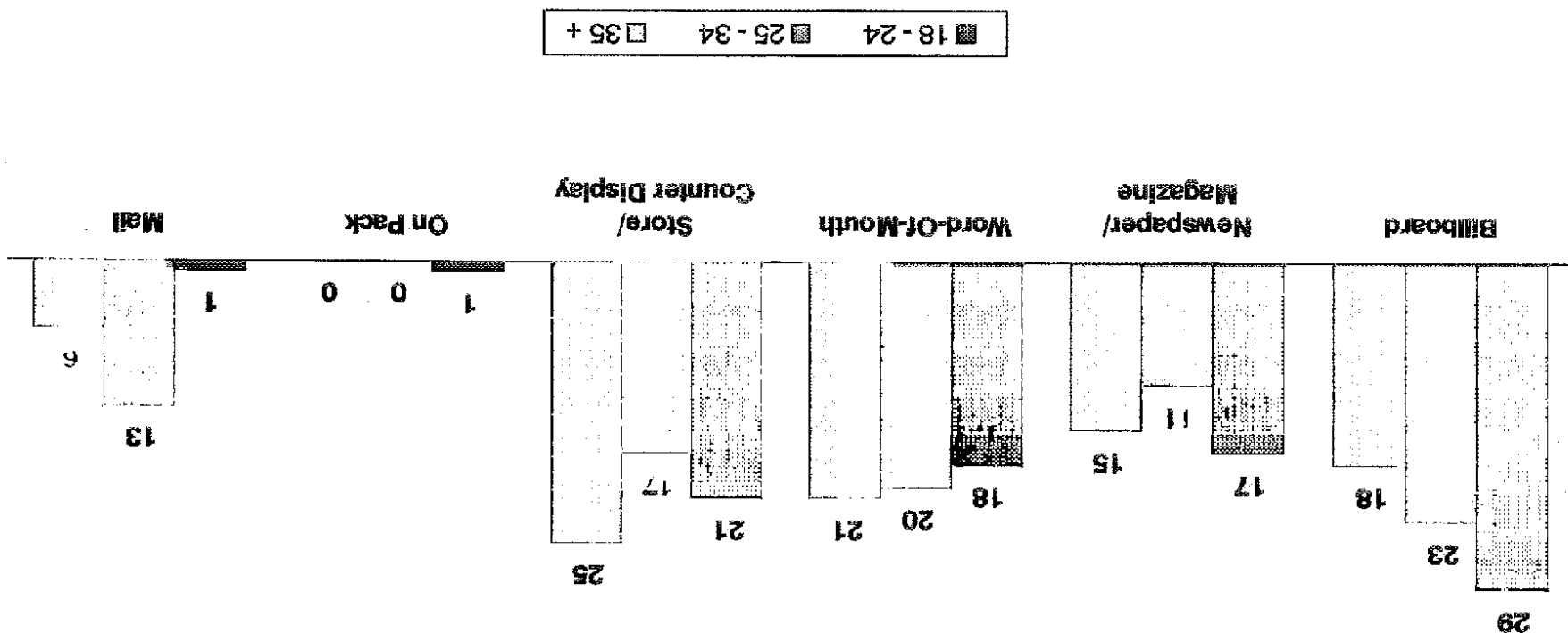


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Marlboro Smokers' First "Contact" With Winston 100% Tobacco

Billboards were most effective at getting the attention of young adult (18-34) Marlboro smokers.

Older Marlboro smokers (35+) more frequently noticed store/counter displays than any other medium.

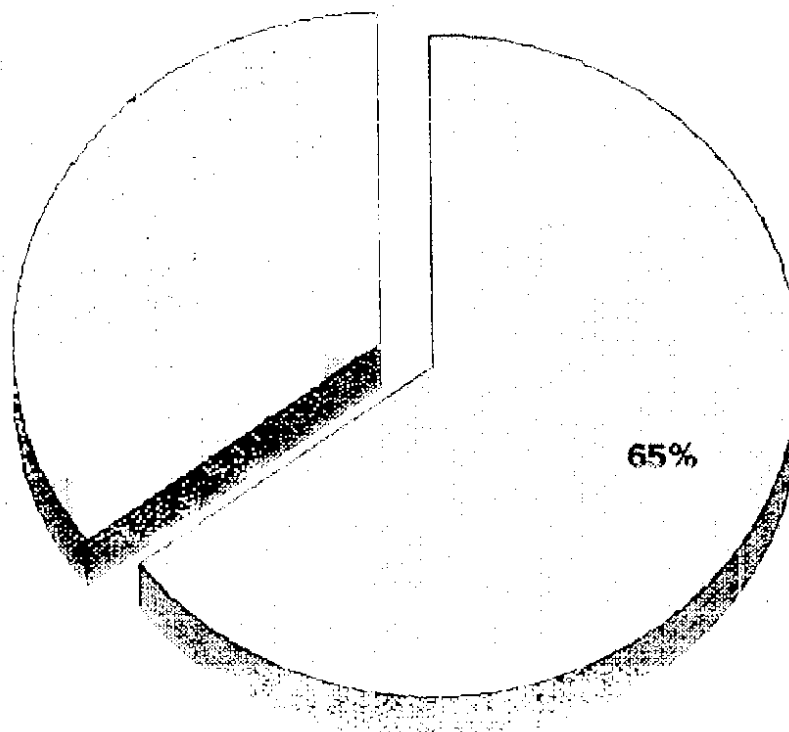


Taste Perception

The majority of Winston smokers who are aware of the formula change perceive no difference in taste from the original Winston.

Winston 100% Tobacco Smokers

Noticed Difference
In Taste Vs.
Winston Original

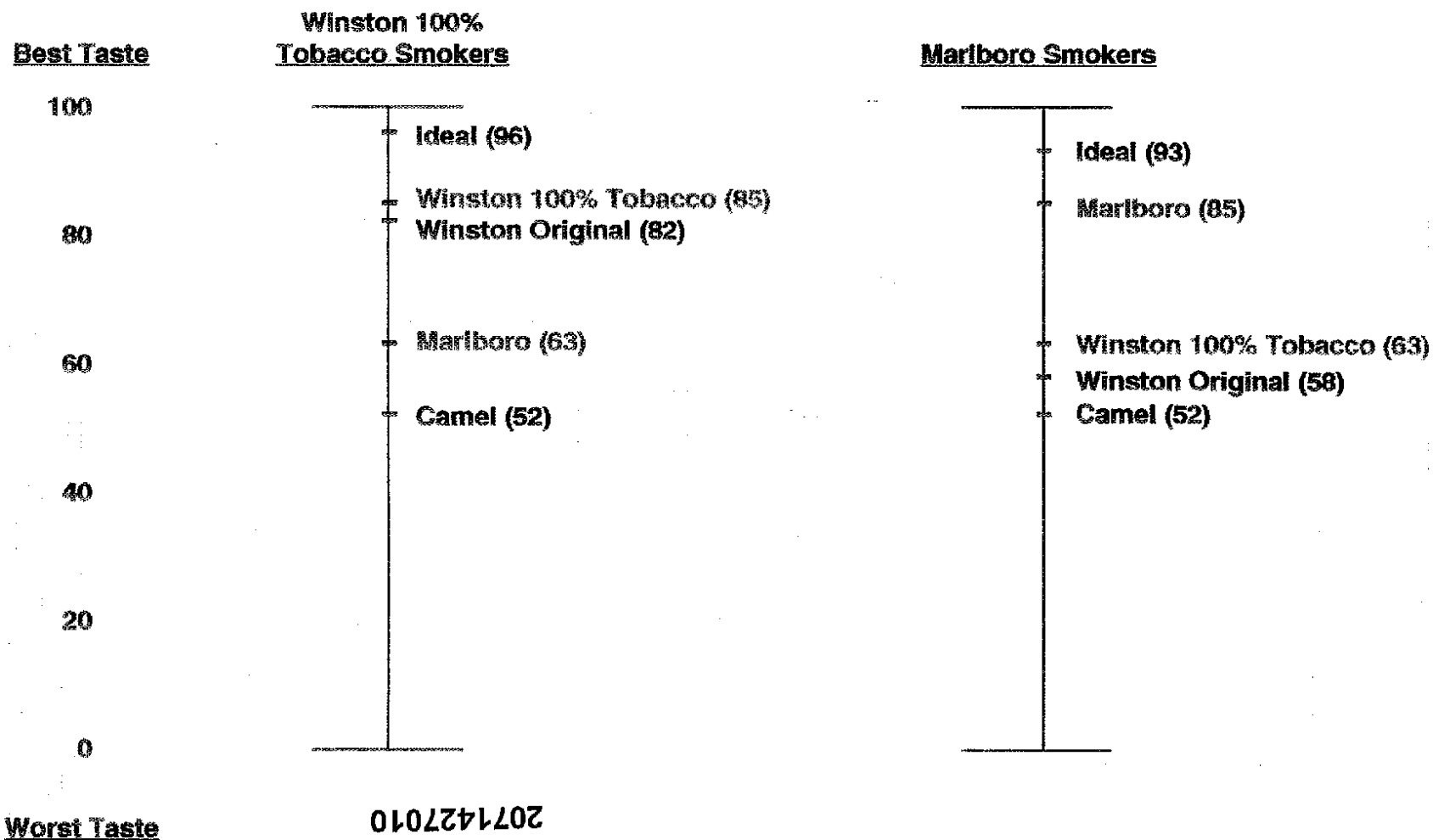
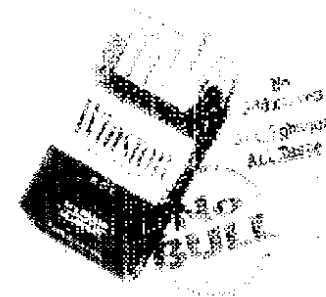


Did Not Notice
Difference In Taste Vs.
Winston Original



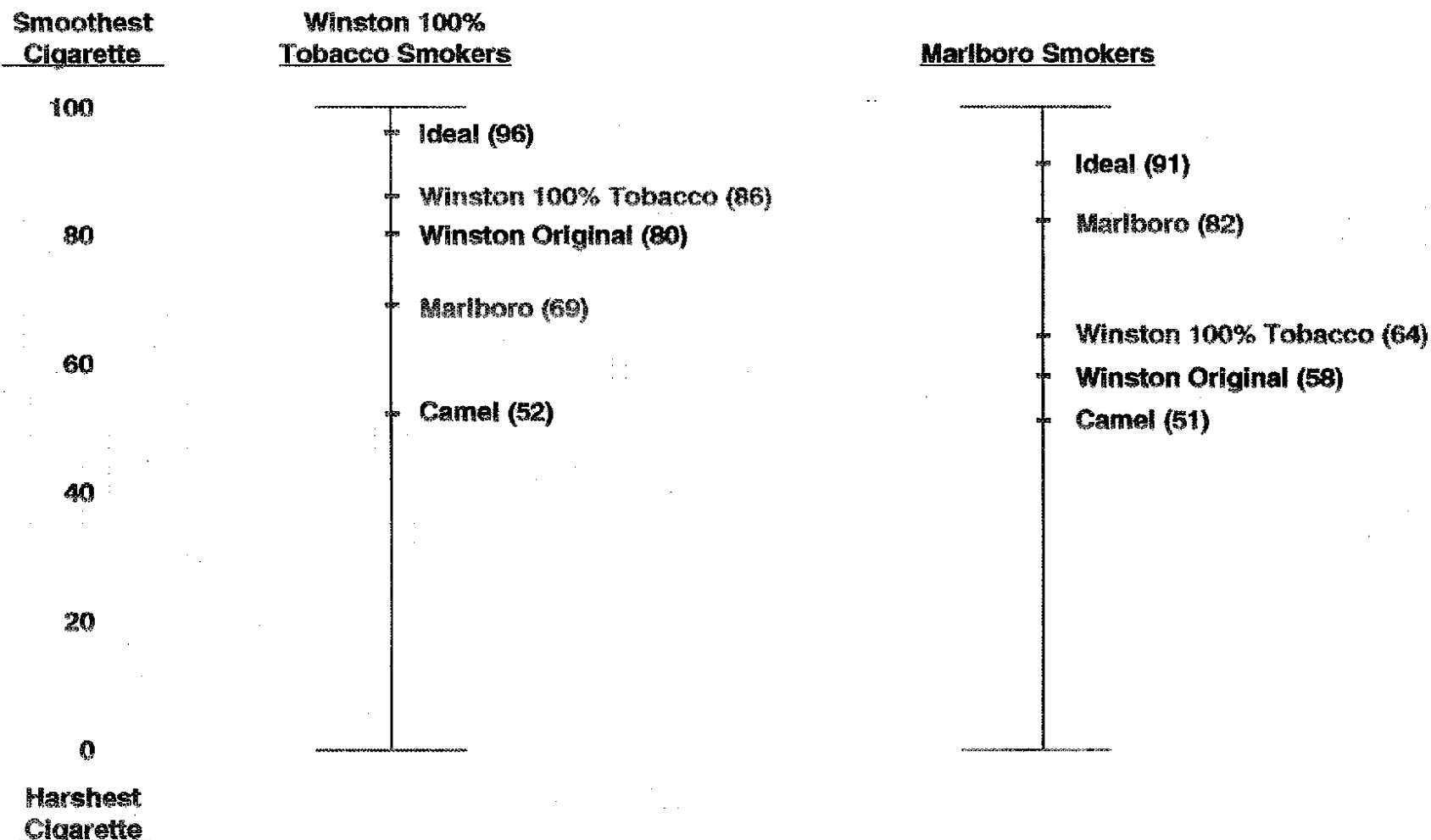
Taste Perceptions

For Marlboro Smokers, Winston 100% Tobacco is rated higher than Camel for quality, taste and smoothness.



Smoothness Perceptions

Winston 100% Tobacco has a slight edge over Winston Original, among both groups.



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Quality Perceptions

Not surprisingly, smokers rate their own brand higher in "quality", "taste" and "smoothness".



Highest
Quality Cigarette

Winston 100%
Tobacco Smokers

Marlboro Smokers

100

Ideal (97)

Ideal (94)

Winston 100% Tobacco (86)

Marlboro (86)

Winston Original (83)

80

Marlboro (69)

Winston 100% Tobacco (69)

Winston Original (64)

60

Camel (61)

Camel (54)

40

20

0

Lowest
Quality Cigarette

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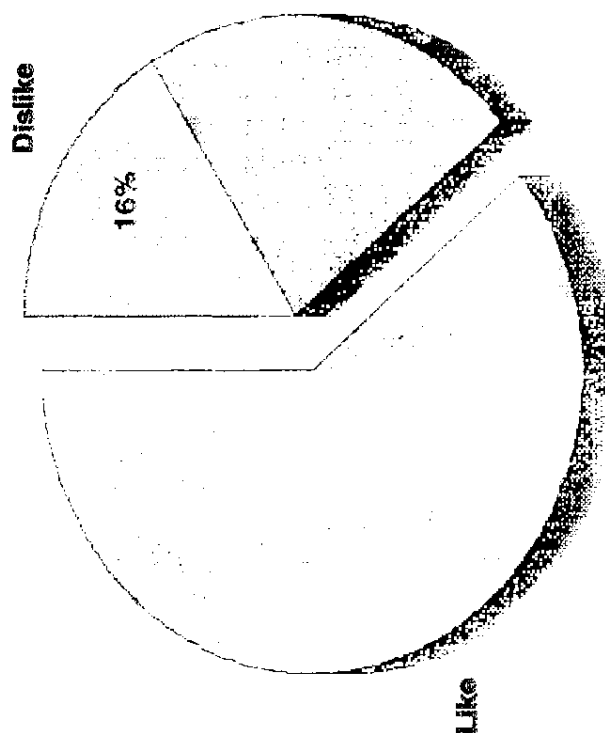
Marlboro Smokers' Overall Attitude Toward Winston 100% Tobacco*

Sixty-one percent of Marlboro smokers who tried the Winston 100% Tobacco cigarette liked it.

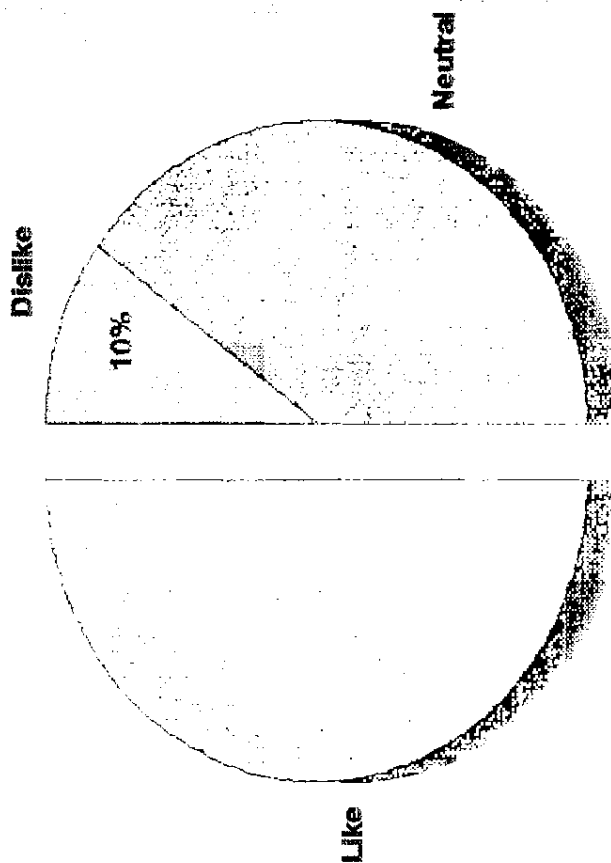
Half of them enjoy the brand's advertising.



Overall Opinion



Opinion Of Advertising



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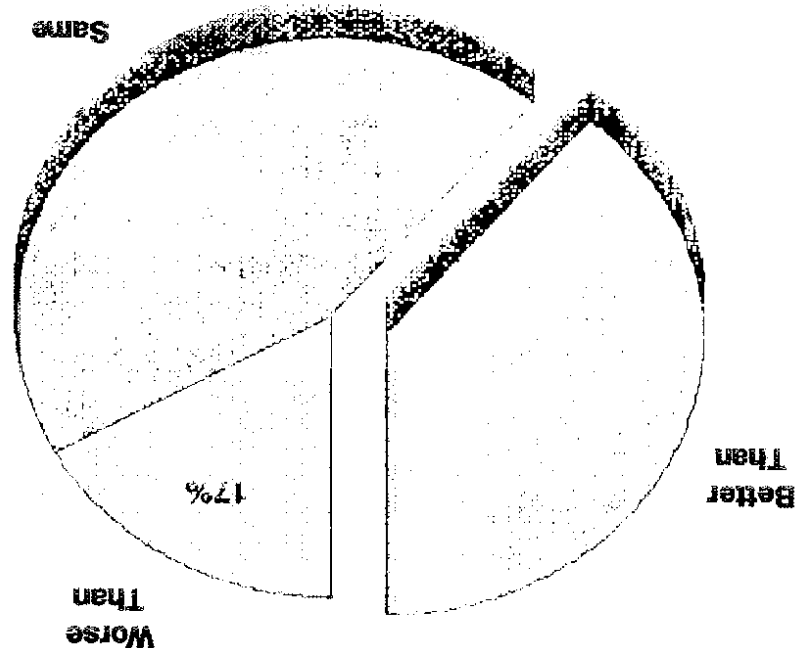
Source: Survey

Marlboro Smokers' Evaluation Of Winston 100% Tobacco*

Winston 100% Tobacco met or exceeded the expectations of 83% of Marlboro smokers who tried it. Two-thirds feel the Winston brand tastes at least as good as Marlboro.

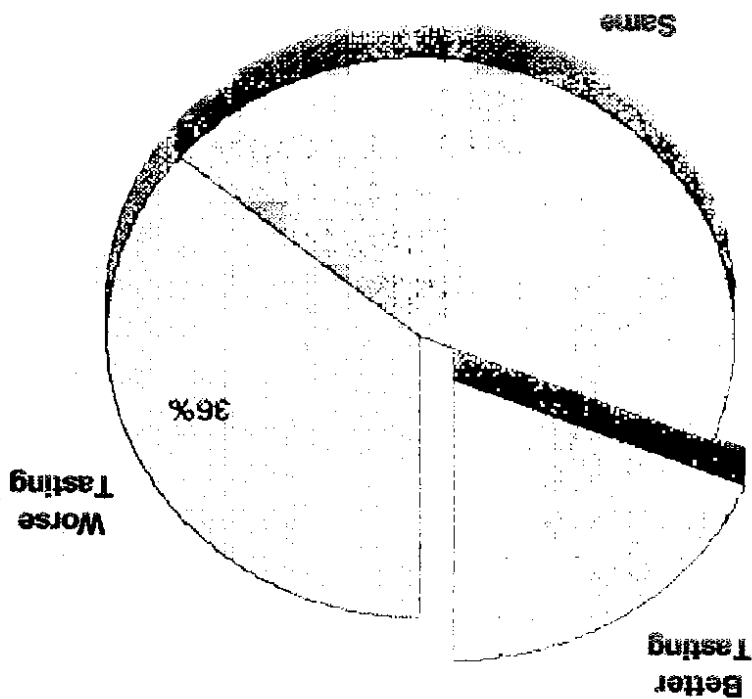


Comparison
To Expectations



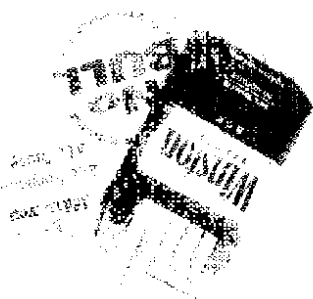
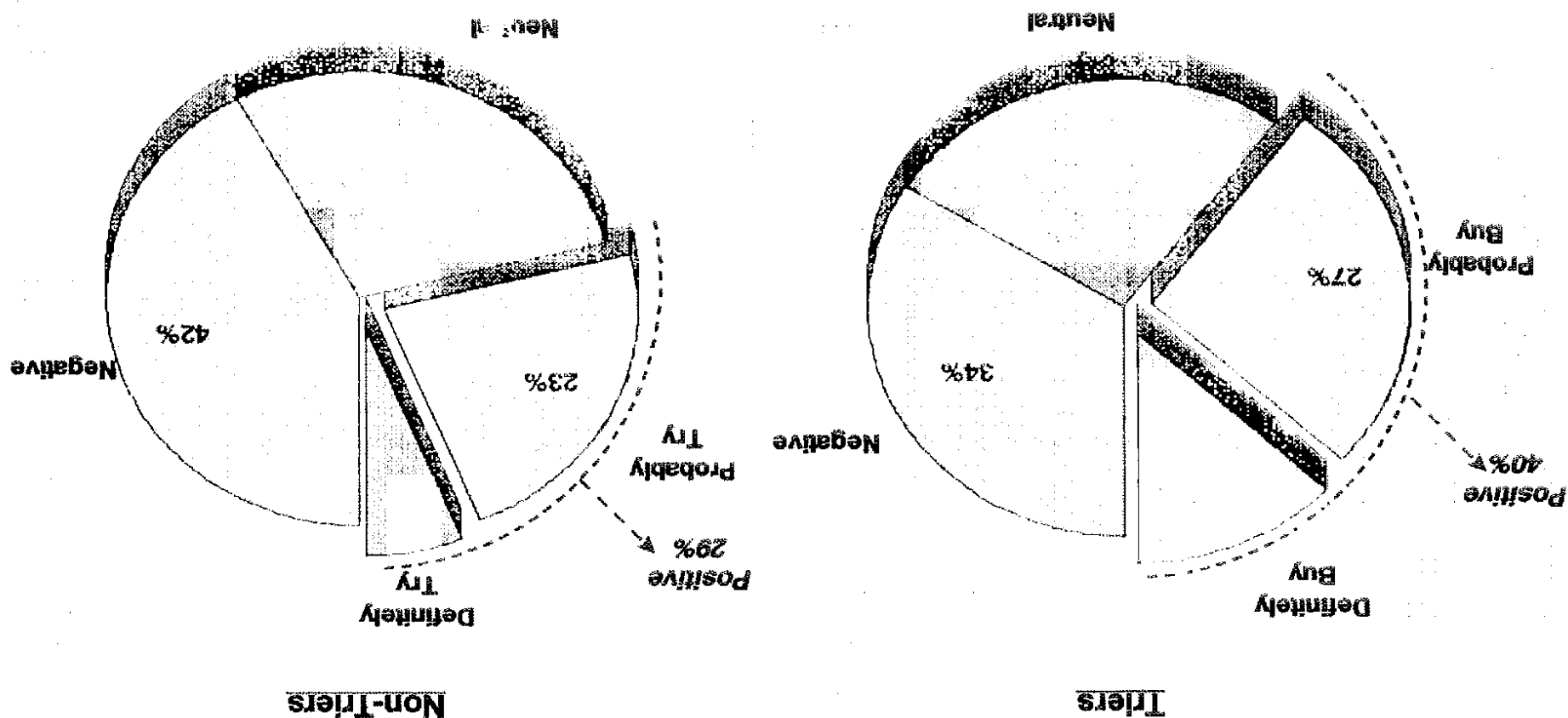
*Among Tiers

Comparison
To Regular Brand



Future Trial And Purchase Interest Among Marlboro Smokers

Despite having generated fairly high levels of awareness and opinion within the Marlboro franchise, behavior (trial/purchase/conversion) has not been impacted significantly.



Focus Groups



Methodology



- ◆ **January 13-14, 1997**
- ◆ **Tampa, FL**
- ◆ **8 Groups of adult smokers**
 - **6 groups of Marlboro smokers**
 - » **2 groups 18-24 years old**
 - » **2 groups 25-34 years old**
 - » **2 groups 35-54 years old**
 - **2 groups of Winston smokers**
 - » **30-54 years old**

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Overall Findings



- ◆ **Winston smokers continue to enjoy the taste of their cigarette**
 - **Though some wonder whether it has been 100% Tobacco all along**
 - **Majority of smokers do not focus on the message of the advertising, they react to the visuals and the language.**

- ◆ **A portion of Marlboro smokers seem to be interested in the concept but have reservations about Winston as a brand**
 - **Loyalty to Marlboro flavor**
 - **100% Tobacco = stronger taste**
 - **Staleness without additives**
 - **Altered burn**

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- ◆ Many recalled seeing "No Bull", "all around town"
- ◆ However, most were unclear about its intended message
- ◆ Most women find "No Bull" rude and "for men"

Awareness And Opinion



Reactions To New Advertising



- ◆ No recall of new campaign
- ◆ Overall additive-free message is overlooked
- ◆ Older women still alienated by the attitude and language
 - No Bull
 - Steel Buns
- ◆ Ads are more appealing to YAMS
 - Attitude
 - Humor
 - No immediate communication of product message

Product Trial



- ◆ **Majority of Marlboro smokers still found Winston unappealing, describing it as**
 - Stale
 - Rough
 - Unpleasant aftertaste
 - Strong

- ◆ **Some, however, found it better than remembered in previous Winston smoking experience**
 - Smoother
 - Similar to Marlboro



Market Performance

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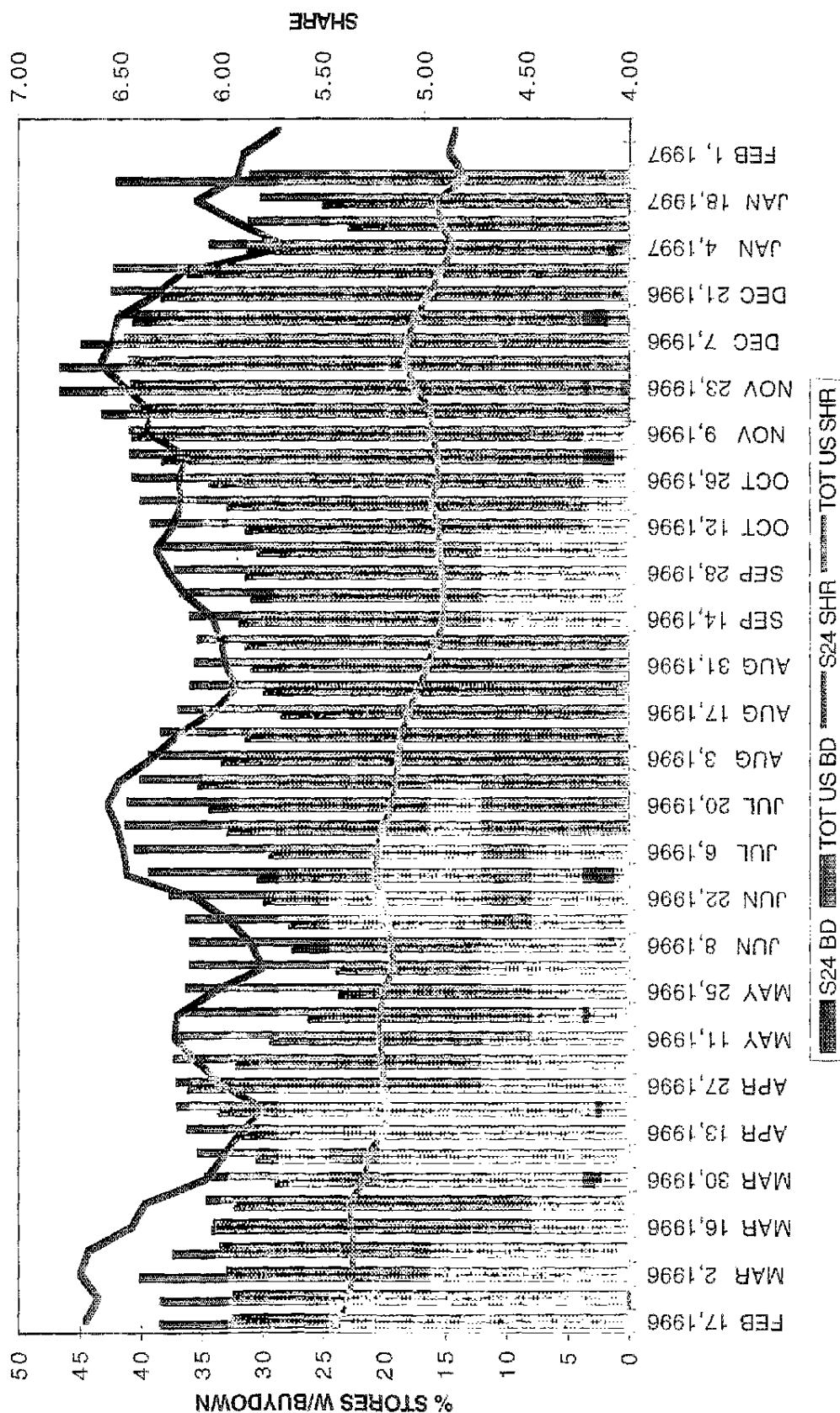
Winston vs. Marlboro - Section 24

	April 1996	October 1996
Average Marlboro POS/Store	4.0	3.4
--Average Prime POS/Store	3.0	2.4
% of Stores in which most prominent	51%	56%
Average Winston POS/Store	2.5	3.3
--Average Prime POS/Store	2.1	2.4
% of Stores in which most prominent	15%	22%

Source: Retail Visibility Audits, 4/96 and 10/96

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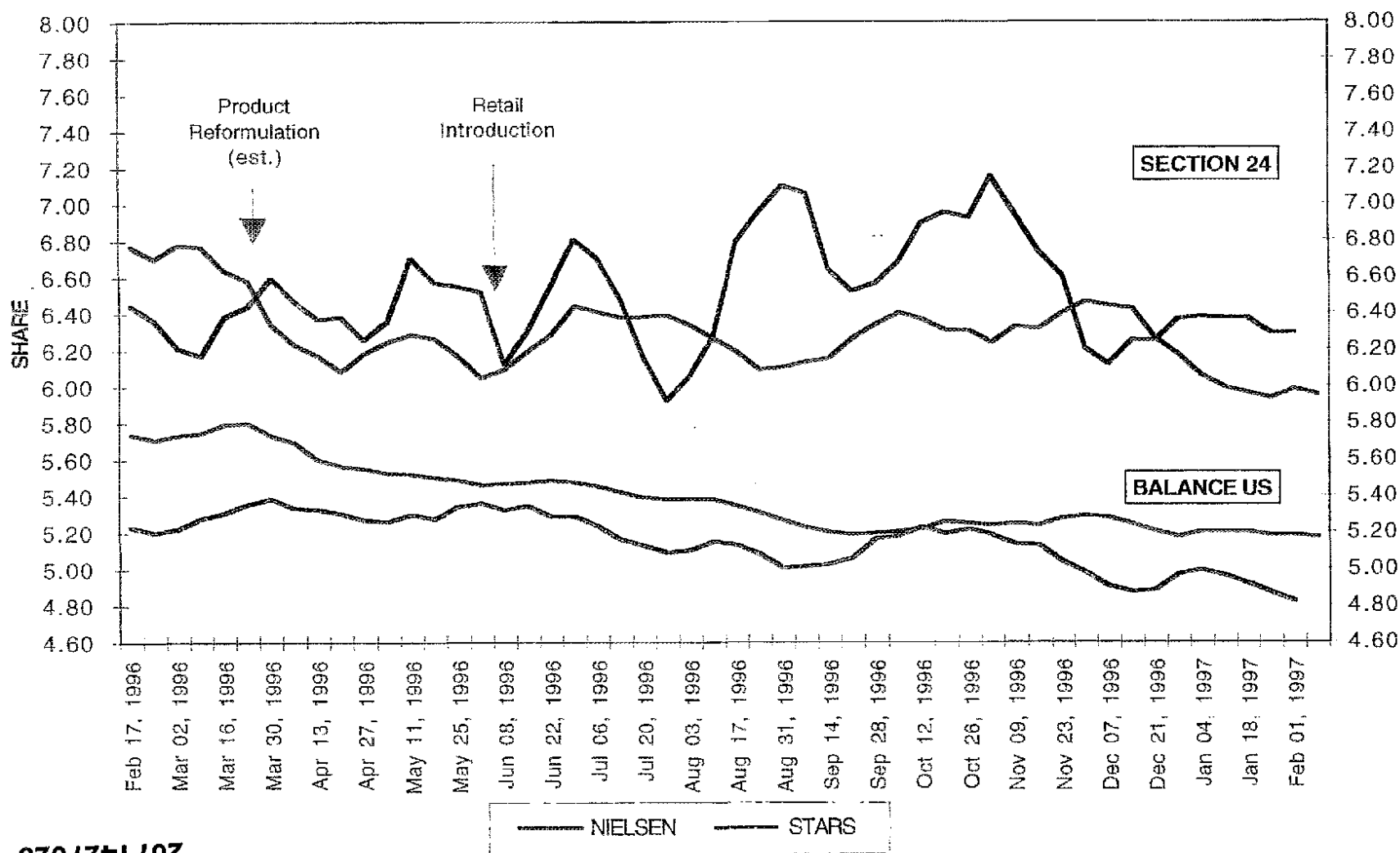
WINSTON C-STORE BUYDOWN INCIDENCE AND SHARE S24 VS. TOTAL U.S.



Source: Nielsen Integrated Weekly, Caution: Causal Measures are non-additive.

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WINSTON SHARE OF MARKET SECTION 24 VS. BALANCE US - ALL SOURCES



Source: Nielsen Integrated Weekly, 4WM (2/8/97); STARS Projected Database, 4WM (2/1/97)